

Organizations that are exclusively religious, educational, or charitable can make application to the Department for exemption identification numbers required to make tax-free purchases of tangible personal property for use or consumption. See 86 Ill. Adm. Code 130.2007. (This is a GIL.)

January 29, 2001

Dear Xxxxx:

This letter is in response to your letter dated October 27, 2000 that was received in our office on November 16, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120(b) and (c), which can be accessed at the Department's Website at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

The ORGANIZATION would like to have a determination of their exemption status under the Sales Tax Code on sales by not for profit service enterprises organized and operated exclusively for charitable, religious or educational purposes.

The members of the ORGANIZATION are TYPE Companies, TYPE Architects, Professors and students in various universities and colleges. The association sells educational books and pamphlets to their members. This educational material is used in obtaining and or maintaining the members xxxxx certification.

The ORGANIZATION will be happy to supply any additional information or samples of their educational material to assist you in making your determination on their tax status.

In general, the Illinois Retailers' Occupation Tax Act imposes a tax upon the sale of tangible personal property, including books and pamphlets, to customers for use or consumption. Organizations that make such retail sales, including non-profit corporations, must collect and remit sales tax upon their gross receipts from such transactions.

Please be advised that not all non-profit organizations are exempt under Illinois sales tax law. To be exempt, a non-profit organization must generally be organized and operated exclusively for charitable, religious or educational purposes. An organization that qualifies as exclusively religious, charitable, or educational can apply to the Illinois Department of Revenue to obtain a tax exemption identification number (an "E" number). These numbers establish that the Department recognizes said organizations as exempt from incurring Use Tax when purchasing tangible personal property in furtherance of their organizational purposes. See 86 Ill. Adm. Code 130.2007.

Department records show that the ORGANIZATION (the association) applied to the Illinois Department of Revenue for sales tax exempt status as a purchaser and was denied in June 1989. Although the association can apply again by furnishing the Department's Exemption Section with the information set out at Section 130.2007(b); it appears the association may not qualify because it may be a professional association. Please refer to 86 Ill. Adm. Code 130.2005(g).

However, even organizations that qualify for an "E" number must register with the Illinois Department of Revenue and collect and remit sales tax on their sales of tangible personal property, unless they engage in one of the limited types of sales described at 86 Ill. Adm. Code 130.2005(a) (2-4). Please note these exceptions only apply to sales of limited duration.

I hope this information is helpful. The Department of Revenue maintains a Web site, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b).

Very truly yours,

Karl W. Betz
Associate Counsel

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